

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 L-03 SS-20 NSC-10 PA-04

PRS-01 USIA-15 SAJ-01 INT-08 SCEM-02 SCI-06 DODE-00

DRC-01 PM-07 /171 W

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R 211338Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9419

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 18345

E.O. 11652: GDS

TAGS: PFOR, EEC, GW, UK, EGEN

SUBJECT: EC REGIONAL FUND

REF: (A) BONN 18270, (B) BONN 18212

BEGIN SUMMARY: FRG CHANCELLERY OFFICIAL TELLS US HE
HOPES PUBLIC BOMBAST EMANATING FROM BRITISH AND GERMAN
SIDES OF ENGLISH CHANNEL OVER REGIONAL FUND WILL BE
STILLED WHILE BILATERAL ANGLO-GERMAN EFFORTS ARE UNDER-
TAKEN TO FIND COMPROMISE SOLUTION. CHANCELLERY REP
SPOKE OF COMPROMISE ABOUT HALF WAY BETWEEN FRG AND UK
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POSITIONS, WITH GOAL OF AGREEMENT AT JAN 7 COUNCIL

MEETING. UK EMBASSY REP CONFIRMED DEC 20 MEETING BETWEEN APEL AND BRITISH AMBASSADOR AND APEL'S READINESS TO MEET SOON WITH DAVIES. BUT BRIT SAID UK CANNOT ACCEPT FUND OF SIZE BELOW 2.25 .BILLION UNITS ACCOUNT, AS PROPOSED BY COMMISSION. END SUMMARY

1. CHANCELLERY EXPERT ON EC MATTERS TOLD EMBOFF DEC 21 THAT CHANCELLERY IS UNHAPPY WITH DECIBEL LEVEL OF CURRENT ANGLO-GERMAN DISPUTE OVER REGIONAL FUND. OFFICIAL SAID CHANCELLOR IS DETERMINED TO REACH A COMPROMISE IN INTEREST OF COMMUNITY, WHICH HE SAID WOULD PROVIDE FUNDING "SOMEWHERE IN THE MIDDLE" BETWEEN BRITISH DEMAND AND FRG OFFER. OUR SOURCE SAID CHANCELLERY'S GOAL IS TO RESOLVE THIS DISPUTE EXPEDITIOUSLY AND THUS TO AVOID TEAR IN USUALLY FIRM FABRIC OF POST-WAR ANGLO-GERMAN RELATIONS. CHANCELLERY REP SAID FRG WANTS REGIONAL FUND ISSUE SETTLED AT JAN 7 EC COUNCIL MEETING, "EVEN IF IT TAKES ALL NIGHT." HE ADDED THAT FRG IS PREPARED "TO GO ROUGHLY HALF WAY" TO MEET UK DEMANDS AND ACKNOWLEDGED GERMAN WISH TO REMOVE OBSTACLES IMPOSED BY UK TO EC FORWARD MOVEMENT ON SUMMIT ENERGY PROGRAM AND ON OPENING OF "PREPARATORY PHASE OF EMU-II." BUT CHANCELLERY REP INSISTED THAT THERE ARE LIMITS TO POSSIBLE FRG COMPROMISE POSITION AND INDICATED, CONTRARY TO ROME 14153, THAT BRANDT AND HEATH HAD NOT FOUND COMPROMISE IN COPENHAGEN.

2. FRG AND UK EMBASSY SOURCES CONFIRMED THAT BRITISH AMBASSADOR AND FONOFF STATE SECRETARY APEL CONFERRED ON REGIONAL FUND DISPUTE IN BONN DEC 20. OUR SOURCES SAY THE MEETING PRODUCED NO MOVEMENT ON SUBSTANTIVE ISSUES BY EITHER SIDE, BUT APEL DID EXPRESS READINESS TO ENTER INTO FURTHER DISCUSSIONS OF THE DISPUTE WITH BRITISH EUROPEAN MINISTER DAVIES. WE UNDERSTAND HENDERSON SAID HE WOULD REPORT APEL'S POSITION TO LONDON. BUT BRITISH EMBASSY SOURCE SAID IT IS UNCLEAR WHETHER CURRENTLY TIGHT NEGOTIATING INSTRUCTIONS ON BOTH SIDES WOULD ENABLE APEL AND DAVIES TO HAVE USEFUL MEETING IN THE IMMEDIATE FUTURE. BRITISH SOURCE SAID

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 18345

"THE COMMUNITY IS PRESENTLY IN A GENUINE CRISIS." GIVEN CURRENT BRITISH PUBLIC ATTITUDES TOWARD COMMUNITY AND HEATH'S PUBLIC COMMITMENT TO SIZEABLE REGIONAL FUND, BRITISH OFFICIAL SAID IT WOULD BE IMPOSSIBLE FOR LONDON TO ACCEPT A COMPROMISE PROPOSAL ON REGIONAL FUND OF A SIZE LESS THAN THE EC COMMISSION PROPOSAL OF 2.25 BILLION UNITS OF ACCOUNT OVER A THREE-YEAR PERIOD.

3. WHILE CHANCELLERY OFFICIAL PRONOUNCING GERMAN GOVERNMENT DETERMINED FOR ACTION, APEL AND SPD PRESIDUM ARE MAINTAINING RHETORICAL OFFENSIVE. DEC 20 INTERNATIONAL HERALD TRIBUNE QUOTED APEL AS WARNING LONDON AGAINST
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TRYING TO "BLACKMAIL" BONN FOR MORE MONEY BY BLOCKING

EUROPEAN COOPERATION ON ENERGY. APEL REPORTEDLY ADDED, ADVISEDLY: "YOU CAN'T SHOVE US AROUND ANYMORE AND THE SHADOWS OF THE PAST ARE FORGOTTEN TOO"; (SEE OUR COMMENT IN REF A). SPD PRESIDUM ALSO ENTERED ACT WITH DEC 20 STATEMENT SAYING " IT IS INADMISSIBLE TO LINK THE COMMUNITY'S DEVELOPING SOLIDARITY REGARDING THE ENERGY SHORTAGE, WHICH AFFECTS ALL THE (EC) COUNTRIES IN A SIMILAR WAY, WITH THE SIZE OF THE REGIONAL FUND." THE SPD STATEMENT APPEALED TO ALL EC COUNTRIES, INCLUDING FRG, TO FIND COMPROMISE ON REGIONAL FUND ASAP, BUT ADDED THAT SPD HAS "LITTLE SYMPATHY FOR EC COMMISSION PROPOSAL THAT FUND SHOULD SERVE OVER ONE HALF OF COMMUNITY TERRITORY."

4. CHANCELLERY OFFICIAL TOLD EMBOFF FRG HAS NOT YET CAREFULLY EXAMINED WHETHER EC PRESIDENCY WOULD PASS TO BONN JAN 1 IF THE CLOCK REMAINS STOPPED IN BRUSSELS. HE DID NOTE, HOWEVER, THAT THERE ARE PAST PRECEDENTS FOR MAINTAINING PRESIDENCY IN THE HANDS OF IMMEDIATE PAST PRESIDENT--IN THIS CASE DENMARK--WHILE THE EC CLOCK REMAINS STOPPED. CHANCELLERY REP SAID PAST CASES INVOLVED ONLY A MATTER OF A FEW DAYS. HILLENBRAND

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